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Regional Jets & the Growth of Transborder Traffic



FAA Forecast Conference
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In the beginning

- ➔ Restrictive US Canada bilateral dating from 1966 (amended in 1974)
 - ✗ 57 city pairs assigned to US carriers : ONLY 34 served
 - ✗ 44 city pairs assigned to Canadian carriers : ONLY 28 served
 - ✗ No service between national capitals!
- ➔ Smallest transborder aircraft DC 9 / 737 sized with low frequency operations
- ➔ Open Skies agreement signed in 1995
 - ✗ Precursor to this was Regional Notes
 - Various restrictions on
 - > sector distances
 - > city population
 - > route status (bilateral or not)
 - Restricted to aircraft 60 seats or LESS was the key
 - If all conditions were met automatic approval
 - Otherwise discretionary approval was needed >> usually granted UNLESS aircraft size was not right
- ➔ At that time there was only 1 new jet aircraft available that fit the size criteria
 - ✗ and it happened to be made just down the road



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Then came Open Skies

- Canadian carriers were favoured in order to provide a “head start” competitive environment
 - ☒ Canadian carriers had no restrictions
 - ☒ US carriers were restricted from operating to
 - YUL & YVR : 2 years to open skies
 - YYZ : 3 years to open skies
 - ☒ During these phase in years 2 city pairs per year would be made available to US carriers with route awards handled by US DOT
- US airlines could match service in certain city pairs served by Air Canada BUT
- they could only match gauge of mainline equipment used by Air Canada
- Much to our surprise the “American Invasion” never took place except for Valujet’s short lived Montreal to IAD service




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What did AC do with the CRJ?

- **Thin routes too long for turboprops**
 - ✗ YHZ EWR
- **Feed the Hub (YYZ) By Pass of US Hubs**
 - ✗ YYZ STL
 - ✗ YYZ MKE
 - ✗ YYZ MCI
 - ✗ YYZ BNA
 - ✗ YYZ PIT
- **Develop Secondary Hub (YUL)**
 - ✗ BOS
 - ✗ EWR
 - ✗ WAS
 - ✗ ORD




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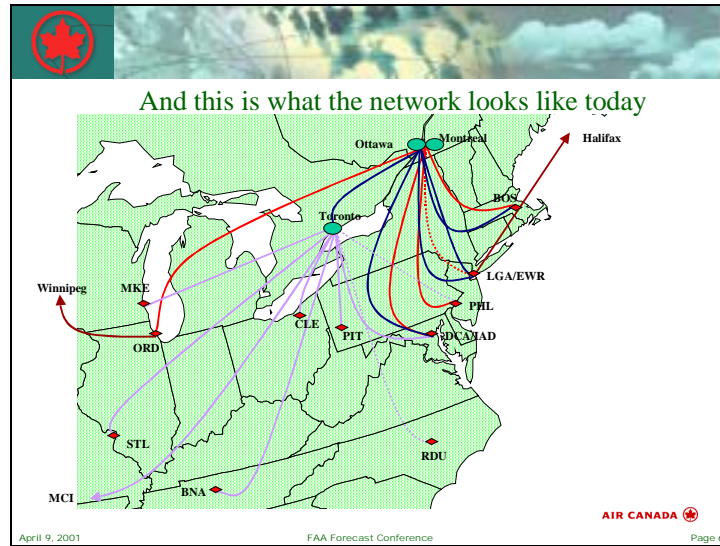
What did AC do with the CRJ? (cont.)

- **Direct Point to Point (Canadian Hub Bypass)**
 - ✗ YOW WAS
 - ✗ YOW NYC
 - ✗ YOW BOS
 - ✗ YOW ORD
 - ✗ YWG ORD
- **Special route application**
 - ✗ YYZ DCA (Commuter slots)
- **Route Development**
 - ✗ YYZ PHL Now all DC9 during week
 - ✗ YYZ RDU Now all DC9 / 319 during week
- These are all familiar buzz words today but they weren't in 1995



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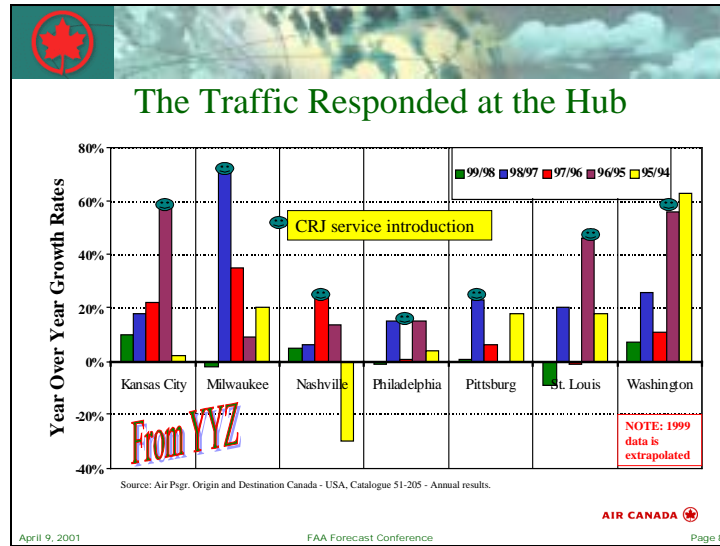
Why did the CRJ work?

- Cost
- Cost
- Cost
 - ☒ Currently just over 50% of DC 9 trip cost
 - ☒ Seat costs, as should be expected, are not superior
- So instead of 2 DC 9 flights per day providing 182 seats AC could fly 4 CRJ trips for about the same cost and provide 200 seats on the same routes
- and as we all know frequency is everything
- Stretched the “regional cabin” further
 - ☒ Not vastly superior to turboprops, especially its Bombardier stable mate the Dash 8 Q
 - ☒ Passenger tolerance for both was about the same : Slightly more than 2 hours
 - ☒ Distance traveled on CRJ more than twice turboprops

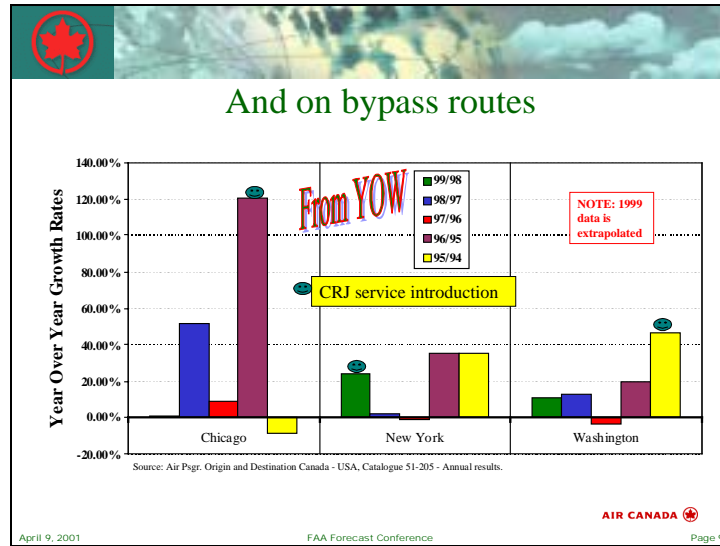
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In Conclusion

Air Canada's Experience Has Shown That

→ **The CRJ is**

- ☒ A relatively low cost airplane for
 - startup routes
 - long thin routes too long for turboprops
 - hub raiding where proper frequency can be provided for the lower traffic levels
- ☒ Acceptable on flights not longer than about 2 hours
- ☒ Mainly suitable for the "briefcase brigade" traffic
- ☒ Has better passenger acceptance versus turboprops, especially so in the USA, provided all other factors, particularly schedules, are the same



→ **The CRJ is Not**

- ☒ Capable of being intermingled with other mainline types on the same route without adverse passenger reaction
- ☒ A short field (less than 6,000 ft.) airplane
- ☒ Suitable for competing in a low yield environment


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Thank you for your attention!



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